



THE UNIVERSITY OF
WESTERN AUSTRALIA
Achieving International Excellence



Australian Government
Australian Research Council



RESEARCH
PAPER

MEMBER SURVEY



Sustainable Co-operative Enterprise Project



CEMI
Centre for
Entrepreneurial Management
and Innovation

Tim Mazzarol & Geoffrey N. Soutar | University of Western Australia

MEMBER SURVEY

Outcomes of the Member Survey 2012-2013

Authors:

Tim Mazzarol (tim.mazzarol@uwa.edu.au)

Tim Mazzarol is a Winthrop Professor in Entrepreneurship, Innovation, Marketing and Strategy at the University of Western Australia and an affiliate Professor with the Burgundy School of Business, Groupe ESC Dijon, Bourgogne, France. He is also the Director of the Centre for Entrepreneurial Management and Innovation (CEMI), an independent initiative designed to enhance awareness of entrepreneurship, innovation and small business management. Tim is also a Qualified Practising Market Researcher (QPMR) as recognised by the Australian Market and Social Research Society (AMSRS), and President of the Small Enterprise Association of Australia and New Zealand (SEAANZ). He has around 20 years of experience of working with small entrepreneurial firms as well as large corporations and government agencies. He is the author of several books on entrepreneurship, small business management and innovation. He holds a PhD in Management and an MBA with distinction from Curtin University of Technology, and a Bachelor of Arts with Honours from Murdoch University, Western Australia.

Geoffrey N. Soutar (geoff.soutar@uwa.edu.au)

Geoff is a Winthrop Professor at the UWA Business School, University of Western Australia where he is also the Head of Discipline for Marketing. He is widely acknowledged as one of the leading academics in the field of Marketing and has an international reputation in the area of measurement within the marketing discipline. He has held previous positions as Director of the Graduate School of Management at UWA; Executive Dean of the Faculty of Business and Public Management at Edith Cowan University, and Head of School of Management and Marketing at Curtin University. Geoff is a Fellow of the Australian Marketing Institute, a fellow of the Australian Institute of Management, and a life member of the Australian Market and Social Research Society

Acknowledgments:

We would like to thank the following organisations for their participation in this survey:

- Co-operative Bulk Handling (CBH)
- Capricorn Society Ltd
- Bankmecu
- Royal Automobile Club of WA (RAC WA)
- Murray Goulburn Co-operative Ltd
- Esperance Organised Primary Producers Co-operative (EOPP)
- Wesbuilders Co-operative Ltd
- Mount Barker Co-operative Ltd
- Ravensdown Fertiliser Co-operative Ltd
- Geraldton Fisherman's Co-operative Ltd

About CEMI:

CEMI was founded in November 2002 as part of the Graduate School of Management at the University of Western Australia (UWA). Its focus then was on being a focal point for research, education and industry engagement with the primary goal of developing and enhancing the entrepreneurial skills of managers from both small and large organisations.

CEMI operated as a centre at UWA from 2002 to 2007 when it was decommissioned. During that time it developed a strong multi-disciplinary approach to its research, as well as undertaking a wide range of applied research projects for government and industry. It also developed leading-edge management development programs for small business owners and those seeking to commercialise new technologies.

In 2010 the Centre was reformed by its founder Professor Mazzarol as a private initiative designed to be a focal point for the exchange of ideas, knowledge and research into entrepreneurship and innovation. It is also a mechanism through which relevant projects designed to benefit the WA business community can be pursued with a view to enhancing entrepreneurship and innovation within the state.

Centre for Entrepreneurial Management and Innovation (CEMI)

www.cemi.com.au

© Tim Mazzarol & Geoffrey N. Soutar 2013

Under the Copyright Act 1968-69, copyright on this document vests initially with the authors. Any reproduction or use, either in whole or part, by another party constitutes infringement of such copyright.

CONTENTS

Introduction	6
Background Information.....	6
Methodology.....	7
A Description of the Sample	8
Gender and age demographics	8
Educational profile	8
Business profile	9
Length of time as members and engagement with the co-operative or mutual	9
The Study's Constructs	10
Functional Value.....	10
Emotional Value	10
Value for Money.....	11
Affective Commitment	11
Continuance Commitment	11
Co-operative Identification	11
Intention to Stay with the Co-operative.....	11
Overall performance on the key factors	12
The Measurement Properties of the Constructs.....	12
The Path Model	12
Affective Commitment.....	13
Continuance Commitment.....	13
Value for Money	14
Emotional Value.....	14
Functional Value	14
The Implications of the Path Model	14
The Members' Four Hats	15
Member as Patron.....	15
Member as Investor	15
Member as Owner.....	15
Member as Community Member	16
Members' Perceptions of their "Four Hats"	16
Member Involvement and Attitude	17

Perceptions of being a Member of the co-operative or mutual	18
Interaction with the co-operative or mutual	19
Conclusions	20
Implications for management	20
References.....	21

INTRODUCTION

This report summarises the findings from a survey of members of ten co-operative and mutual enterprises undertaken in late 2012 and early 2013. The study is part of a wider investigation into the sustainability of the co-operative enterprise business model being undertaken by UWA. This is undertaken as a Linkage Project funded by the Australian Research Council (ARC), CBH Group Ltd, Capricorn Society Ltd and the Ravensdown Fertiliser Co-operative.

The key research question guiding this study was: “How does a co-operative measure and communicate the true value of membership?”

Related to this were questions as to the co-operative’s role capturing value in an integrated or vertical value chain, and what are the most appropriate means of communicating value to members?

In this study the focus is on investigating the relative importance of financial, functional and emotional value on a member’s commitment and identification with the co-operative, and how these factors influence a member’s decision to remain a member.

BACKGROUND INFORMATION

This study was designed to test the conceptual model illustrated in Figure 1. This suggests a member’s decision to remain a member of their co-operative or mutual organisation is influenced by their perception that their membership offers value for money and functional value (e.g. good service) (Söderlund, 2002). The model assumes emotional value (e.g. how they felt about their relationship) also plays a role, as this is consistent with what is already known about customer perceived value (Sweeney and Soutar, 2001).

However, the model assumes these three factors are mediated by two additional factors (affective commitment and continuance commitment). The first relates to a member’s emotional attachment to, identification with, and involvement in the co-operative or mutual enterprise. The second is associated with a member’s sense that they should remain loyal to the co-operative or mutual because they would incur costs if they left. These factors were first identified by Allen and Meyer (1990a/b) in their study of people’s commitment to an organisation.

Also added to the conceptual model is the importance of a member’s ability to identify with the co-operative or mutual. This draws on the theory that co-ops are formed as a result of community identity (Birchall and Simmons, 2004) and social identity (Tajfel, 1978).

Therefore as illustrated in Figure 1, the model suggests a member’s loyalty (as measured by their intention to remain a member of a co-operative or mutual), is influenced by several interrelated factors. First, it is assumed that their identification with the co-operative or mutual will have a direct influence, as will their affective and continuance commitment, both of which also influence their identification with the organisation. Affective and continuance commitment are mediating variables between a member’s perception of the value for money, emotional and functional value provided by their membership of the co-operative or mutual.

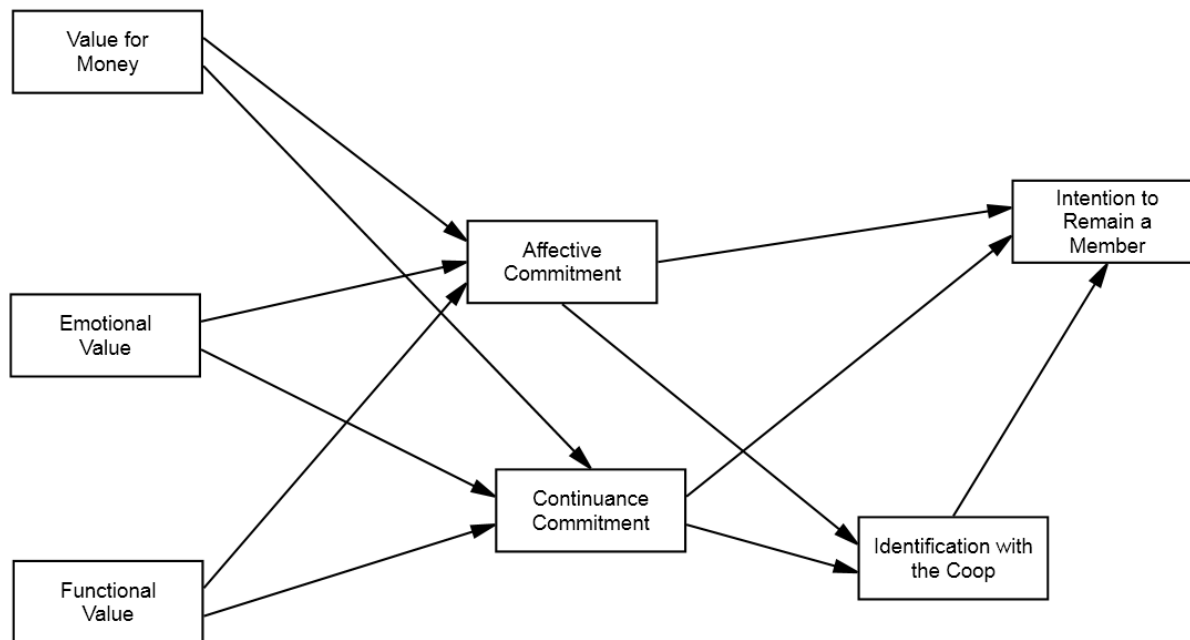


FIGURE 1: THE CONCEPTUAL MODEL OF CO-OPERATIVE/MUTUAL MEMBER LOYALTY

METHODOLOGY

To evaluate this model the research team used an online survey of members from a range of different co-operative and mutual business organisations across Australia and New Zealand. In 2012-2013, responses were obtained from 2,749 members of 9 co-operatives. This report provides the findings for the aggregated sample.

The survey employed a questionnaire of 93 items grouped into 21 separate constructs. Members were invited to respond and the purpose and background relating to the study was explained. All respondents did so on the understanding that their participation was not compulsory and that they would not be identified in any subsequent reporting.

Data analysis included the computation of descriptive statistics and some bivariate analysis using t-tests, analysis of variance (ANOVA) and chi-square tests. The original modelling for the conceptual framework was undertaken using AMOS structural equation modelling software (Arbuckle, 2010). However, the model for this study was tested using a structural equation or path model within the WarpPLS structural equation modelling software (Kock, 2012), as this provided additional information.

A DESCRIPTION OF THE SAMPLE

GENDER AND AGE DEMOGRAPHICS

The majority (63%) of respondents were male and ages ranged from the twenties to over 70 years. As shown in Figure 2, most respondents were aged over 50 years, with the most common age range being the 60-69.

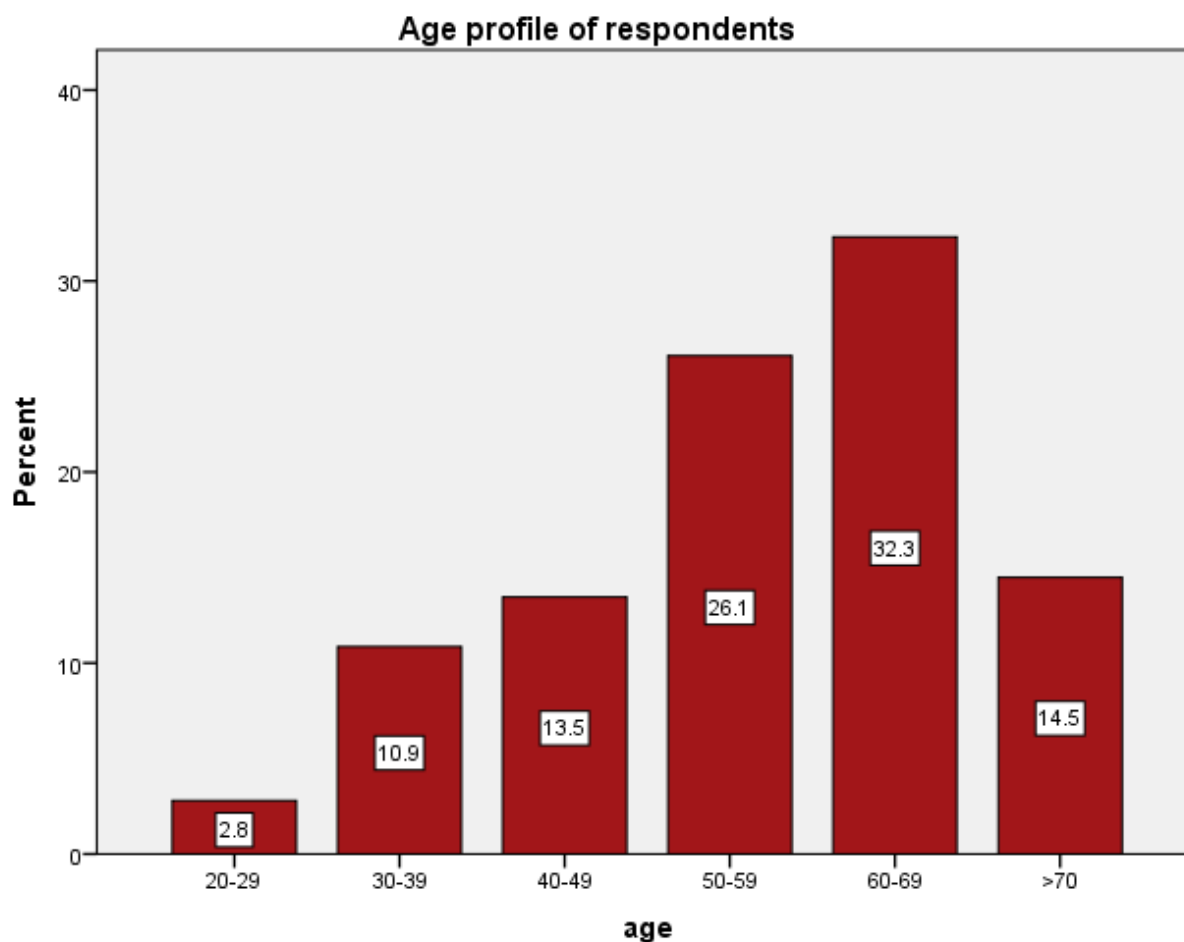


FIGURE 2: THE AGE PROFILE OF RESPONDENTS

EDUCATIONAL PROFILE

Respondents reported a wide range of educational backgrounds. The most common formal qualification held was a vocational trade certificate, diploma or advanced diploma, with 34% of respondents holding such qualifications. The next most common qualification held was a High School Certificate (25%). A further 24% held undergraduate degrees and 16% had postgraduate degrees with 1.5% having completed only primary level education.

BUSINESS PROFILE

A total of 78% of respondents were retail customers of co-operatives or mutual enterprises with the balance of 22% being business owners. Of these 64% were self-employed non-employing business owners, 33% were the owners of micro firms with between 1 and 9 employees, 2.5% were owners of small firms with 10-49 employees and 0.6% were the owners of medium to larger firms.

LENGTH OF TIME AS MEMBERS AND ENGAGEMENT WITH THE CO-OPERATIVE OR MUTUAL

The questionnaire also asked how long the respondents had been members of their co-operative or mutual. As can be seen in Figure 3, most had been members for over 5 years, with around 25% having been members for between 10 and 20 years and 47% having been members for over 20 years. The majority (87.6%) had never attended an annual general meeting and only 3.7% indicated that they regularly attended, with 1.7% reporting that they always attended. Only 2.4% of respondents reported that they had been an office bearer (e.g. board member) within their co-operative or mutual.

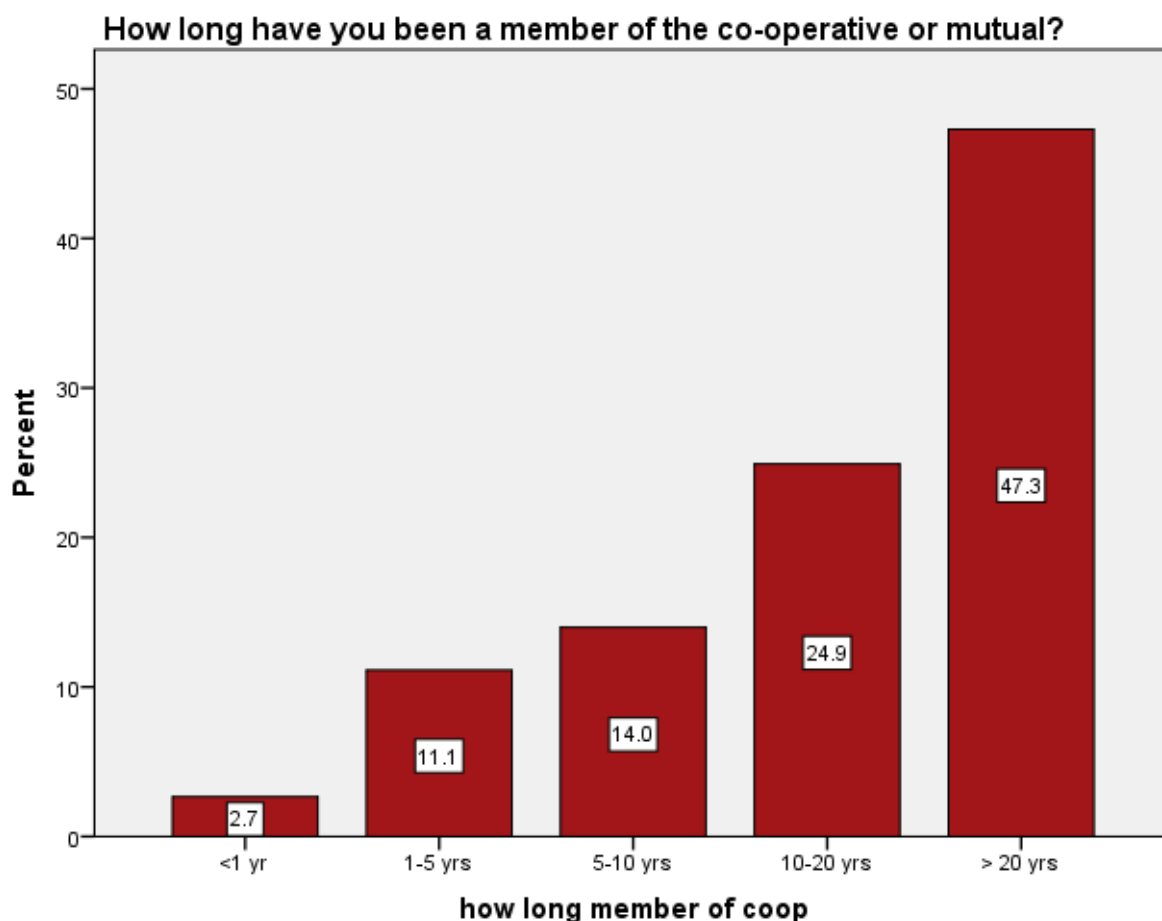


FIGURE 3: LENGTH OF TIME AS MEMBERS OF THE CO-OPERATIVE OR MUTUAL

THE STUDY'S CONSTRUCTS

As explained above, the study focused on the interrelationship between the seven constructs illustrated in Figure 1. The items comprising these constructs were drawn from prior research that were further refined through a pilot survey of members from Co-operative Bulk Handling (CBH) in early 2012.

Table 1 lists each of the constructs and shows the general nature of each, plus the number of items used to measure them and the source of these measurement scales. As shown, there were multiple items that were used to measure each of these constructs or "factors". In previous analysis these scales had been found to have good construct validity and reliability.

TABLE 1: THE STUDY'S CONSTRUCTS

Construct	Sample Item	# of Items	Source
Functional Value	The co-operative / mutual can be counted on to perform well.	6	Sweeney and Soutar (2001)
Emotional Value	I feel good about my relationship with the co-operative/ mutual.	6	Sweeney and Soutar (2001)
Value for Money	I am sure co-operative/ mutual is worth the money it costs me.	3	Sweeney and Soutar (2001)
Affective Commitment	I am proud to be associated with co-operative/ mutual.	12	Allen and Meyer (1990a/b)
Continuance Commitment	I would give up a lot if I left the co-operative/ mutual.	5	Allen and Meyer (1990a/b)
Co-operative Identification	I feel like an owner of the co-operative/ mutual.	5	Developed in the Present Study
Intention to Stay with Co-operative	I plan to remain a member of the co-operative / mutual in the future.	3	Söderlund (2002)

FUNCTIONAL VALUE

The six item factor "**Functional Value**" is a measure of the member's perception that the co-operative or mutual is able to offer quality service in an effective and efficient manner. It is a measure of the perceived quality and expected performance of the service or product being delivered. Poor perceived performance on this is an indicator that members are unhappy with the way the co-operative or mutual is delivering its services and if this rises beyond an acceptable level it could seriously erode the perceived value of remaining with the co-operative.

EMOTIONAL VALUE

The second six item factor "**Emotional Value**" is a measure of the member's feeling towards the co-operative or mutual at an emotional level. This factor is recognition that customer/member loyalty is contingent on the utility that they derive from feelings or affective states that a product or service generates (Sweeney and Soutar, 2001). This relates to the member's feeling that using the services offered by the co-operative or mutual engenders a sense of enjoyment and pleasure that reinforce their desire to continue using them.

VALUE FOR MONEY

The three item factor “**Value for Money**” is a measure of the utility a member perceives they get from the co-operative or mutual in relation to the trade off in costs and benefits. This includes the prices paid by them to transact with the co-operative or mutual, and their sense that these costs are good value for money.

AFFECTIVE COMMITMENT

The 12 item factor “**Affective Commitment**” is a measure of the member’s emotional commitment to the co-operative or mutual and reflects their ability to relate to it on a personal level. It examines whether they are willing to discuss it openly with others and enjoy acknowledging they are a member. Also, the factor measure’s their sense of belonging to the co-operative or mutual and whether this sense of belonging is of a personal nature (Allen and Meyer, 1990a/b).

As shown in Figure 1, the model assumes a member’s perception of value (e.g. financial, functional and emotional) in their relationship with the co-operative or mutual is mediated by “Affective Commitment”. For a member owned business, the level of such Affective Commitment that is engendered within the membership is important for the sustainability of the co-operative or mutual.

CONTINUANCE COMMITMENT

The five item factor “**Continuance Commitment**” is a measure of the member’s sense that they are so closely linked to or dependent on the co-operative or mutual that they cannot see themselves leaving. This scale was developed – along with the “Affective Commitment” measure – to evaluate employee relationships with and commitment to organisations (Allen and Meyer, 1990b). However, it has been used in marketing studies to assess the level of commitment that customers feel towards the business.

If the co-operative or mutual is not seeing a strong Continuance Commitment it may reflect weak member dependence on and engagement with the business. As indicated in Figure 1, the theory of customer loyalty suggests that Continuance Commitment will also serve as a mediator for perceived value (e.g. financial, functional and emotional value).

CO-OPERATIVE IDENTIFICATION

The five item factor “**Co-operative Identification**” was developed specifically for this study. It is a measure of the member’s feeling that they are an owner of the co-operative or mutual. Because a co-operative or mutual is a member owned business (Birchall, 2011), it is very important that members view themselves as owners and not just customers or suppliers. If the member views him or her as an owner they are more likely to engage with the co-operative or mutual, participate in its governance and remain loyal. This construct was not used in the final model.

INTENTION TO STAY WITH THE CO-OPERATIVE

The three item dependent variable “**Intention to stay with the Co-operative**” examines this intention from three perspectives (Söderlund, 2002). First, there is the intention to remain or go as an expectation (i.e. how likely will they cease to be a member). Second, there is the intention as a plan (i.e. how likely will they be a member in the future). Third, there is the intention as a want (i.e. do they want to remain as members or not).

OVERALL PERFORMANCE ON THE KEY FACTORS

The scores for these factors were on a 5-point rating scale where 1 = strongly disagree and 5 = strongly agree. Table 2 lists the means and standard deviations for each of the factors. It can be seen that intention to stay with the co-operative or mutual had a mean rating score of 4.25 suggesting that most members were intending to remain loyal. It can also be seen from Table 2 that the mean scores for the other factors were also at or around 3/4, with quite tight standard deviations. This suggests that on average most members who responded to this survey were quite positive.

TABLE 2: THE FACTOR MEANS, STANDARD DEVIATIONS, CRONBACH'S ALPHA, AVE & VIF SCORES

Factor	Mean	STD DEV	Composite Reliability ¹	AVE ²	VIF ³
Intention to stay with co-operative or mutual	4.25	0.78	0.68	0.87	3.02
Functional Value	4.04	0.67	0.93	0.83	4.03
Affective Commitment	3.98	0.72	0.91	0.66	5.56
Emotional Value	3.95	0.75	0.93	0.78	6.05
Value for Money	3.90	0.70	0.92	0.85	2.51
Continuance Commitment	3.50	0.88	0.84	0.64	1.91

¹ A measure of the reliability of the scale items used in the factor items (>0.70 is acceptable).

² Average Variance Extracted (AVE) scores are a measure of convergent validity (>0.50 is acceptable).

³ Variance Inflation Factor (VIF) scores a measure of multicollinearity within the construct items (<10 is OK).

THE MEASUREMENT PROPERTIES OF THE CONSTRUCTS

All of the constructs used in the analysis were found to have good measurement properties. As can be seen in Table 2, the reliability scores ranged from 0.68 to 0.93, while the AVE scores ranged from 0.64 to 0.87, suggesting the scales were internally consistent and had convergent validity (Fornell and Larcker, 1981). Some minor multicollinearity was found, but this was not seen as likely to create significant problems. Ideally, VIF score should be less than 3.3 in a latent variable factor used in a structural equation model (Cefentelli and Bassellier, 2009). However, there is some agreement that a VIF below 10 is acceptable (Hair et al, 1987; Kline, 1998).

THE PATH MODEL

The analysis of the interrelationship between these six factors was undertaken using the WarpPLS structural equation modelling software. This examines the relationships between the construct factors using a series of path coefficients which are illustrated in Figure 4. These paths are represented as a series of arrows with the relationship of influence running in the direction of the arrow. The strength of these relationships is indicated by the size of the coefficient for each path.

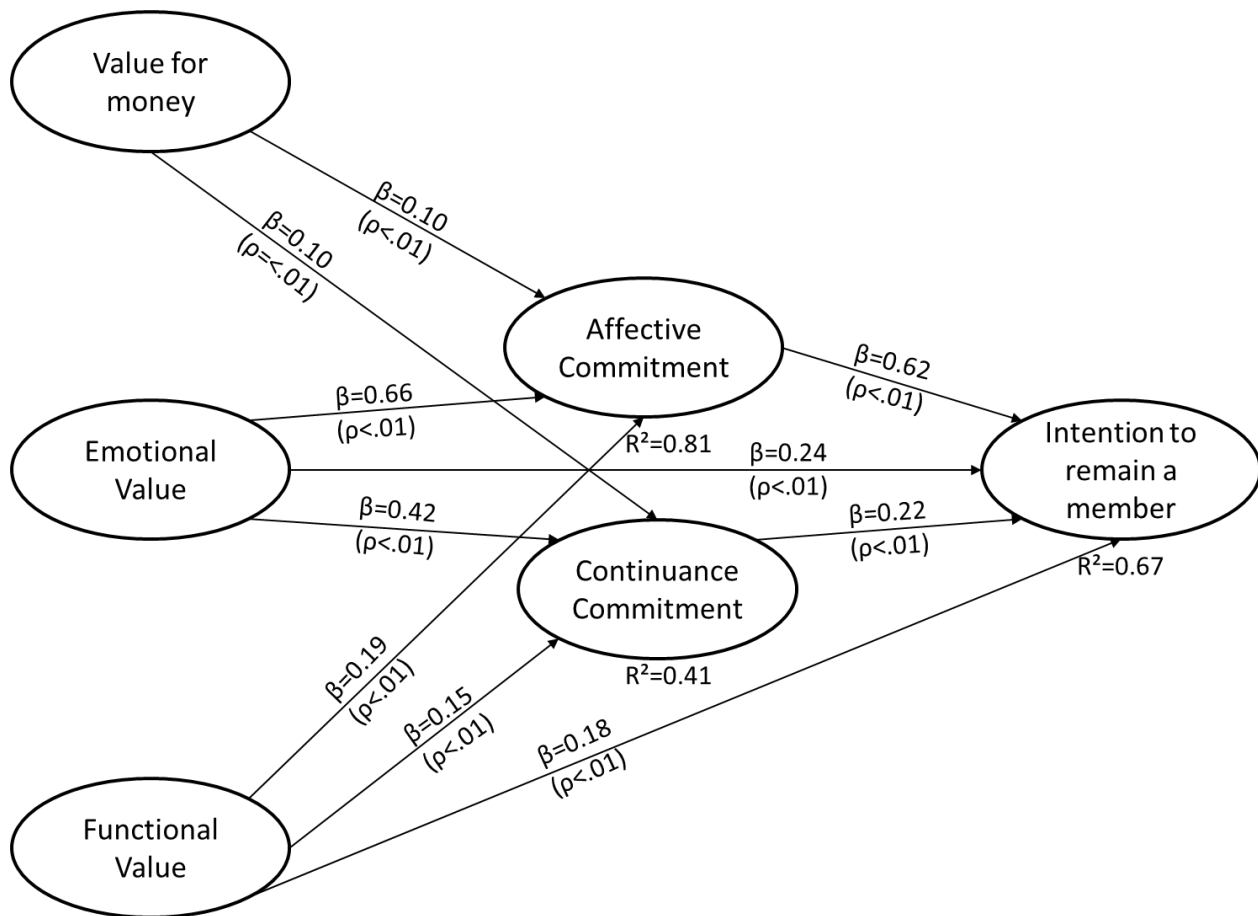


FIGURE 4: THE PATH DIAGRAM FOR THE MEMBER SURVEY

As can be seen in Figure 4, the relationships that emerged from the analysis of the member survey supported the model. A member's intention to remain loyal to the co-operative or mutual does appear to be influenced by their perceived financial, functional and emotional value, but these factors are mediated by the two factors of Affective and Continuance Commitment.

AFFECTIVE COMMITMENT

A detailed examination of the strength of these path coefficients shows that the strongest direct influence on intention to remain a member of the co-operative or mutual is Affective Commitment. This had a coefficient score of $\beta=0.62$, which was statistically significant ($p<.01$), and suggests that this is the main factor influencing members' loyalty.

CONTINUANCE COMMITMENT

As shown in Figure 4 Continuance Commitment was an influence on intention to remain a member of the co-operative or mutual with a coefficient of $\beta=0.22$, which was significant ($p<.01$). The coefficient for Continuance Commitment suggests that while it plays a role it is much less important than Affective Commitment.

VALUE FOR MONEY

As shown in Figure 4, the factor Value for Money was not found to impact directly on the intention to remain a member. Value for Money did influence Affective Commitment in a modest way ($\beta=0.10$), and its influence on Continuance Commitment also modest ($\beta=0.10$).

EMOTIONAL VALUE

The factor Emotional Value was found to be the most influential with a coefficient of $\beta=0.66$ for its path to Affective Commitment, and $\beta=0.42$ for its path to Continuance Commitment. It also had a direct influence on the intention to remain a member ($\beta=0.24$). This suggests a much stronger influence in the model for Emotional Value than the financial or functional value factors.

FUNCTIONAL VALUE

The final factor in the model Functional Value was found to be more influential than Value for Money, but less influential than Emotional Value. As shown in Figure 4, this factor had a coefficient of $\beta=0.19$ for its path to Affective Commitment and $\beta=0.15$ for its path to Continuance Commitment. It also had a direct influence on intention to remain a member ($\beta=0.18$). This suggests that Functional Value impacts on the two mediating factors and the dependent variable almost equally.

THE IMPLICATIONS OF THE PATH MODEL

These results suggest that it is the not financial and functional factors that influence member loyalty as much as Affective and Continuance Commitment. Value for Money does not significantly impact directly on the intention to remain with the co-operative or mutual, its direct influence is relatively weak compared to the two mediating factors and is therefore not shown as a path in the model.

The findings are supportive of the underlying theories of what factors are likely to drive member loyalty in a co-operative or mutual business and broadly consistent with the findings from the pilot survey. It is worth noting that the structure of the path model for the nine co-operative or mutual firms were similar. Although individual differences exist for each organisation the overall pattern that emerges is for the factors Emotional Value and Affective Commitment to play key roles in influencing member loyalty and identification. This is regardless of whether they were producer co-operatives, retail co-operatives or financial mutual businesses.

The relative strength of Emotional Value in relation to financial and functional value suggests that management should not focus entirely on promoting to members the issues of value for money or service quality. Such things must be of a quality or standard that is competitive with alternatives within the market. However, it is the member's engagement with the co-operative or mutual in terms of their feelings and overall commitment to the organisation that are of most importance.

Organisational commitment is associated with a member's ability to establish an affective attachment to the co-operative or mutual through the sharing of common values and purpose. This affective attachment is clearly a powerful component in the maintenance of member loyalty. It is a difficult element to easily monitor and is often ignored in the more common focus on offering better prices or service quality. However, the member's ability to identify with and enjoy their membership of a member-owned business is potentially more important for the long term sustainability of the business.

The idea that co-operative and mutual enterprises, or "member owned businesses" (Birchall, 2011) should actively promote their mutual status to their membership seems logical, yet it is often ignored by managers.

Webb (1996) has proposed that there is a distinct competitive advantage to be yielded from actively promoting the nature of member ownership.

THE MEMBERS' FOUR HATS

Another area of investigation in the survey was the members' perception of the relative importance of what we have described as "four hats". These "hats" relate to the various roles that a member of a co-operative or mutual plays or can play in the business (Mazzarol, Simmons and Mamouni Limnios, 2011).

MEMBER AS PATRON

The first "hat" worn by the member is that of a patron. This desire to trade with the co-operative or mutual is usually the primary reason they became a member and their patronage is what essentially underpins their relationship with the business.

For most members the key factors influencing their satisfaction with the co-operative or mutual in their role as patrons are the prices paid or received, the transaction costs, and the quality of the services provided. In this sense the financial and functional value factors discussed above are critical to the member's patron role.

MEMBER AS INVESTOR

The second "hat" worn by the member is that of an investor. This is a role that recognises the member's ownership of share capital within the co-operative or mutual. In some types of co-operative or mutual the way the share capital is distributed and the ownership rights that are attached to it can serve to enhance or diminish this role. The ways in which share capital, investment returns and profit distribution are managed within co-operative and mutual business enterprises has been one of the most hotly debated areas for many years (Fairbairn, 1994).

There are many different ways in which a co-operative or mutual can allocate share capital and distribute ownership rights. These mostly relate to whether these shares can be held only by members or whether they can be held by non-members. Also important is whether the shares are distributed according to patronage, and whether or not they can be traded, redeemed, accumulated and converted into ordinary shares sold publicly on the open stock market (Chaddad and Cook, 2004).

According to Nilsson (2001), where the member's interest in their investor role is stronger than their role as patron, there is the risk of the co-operative or mutual demutualising and converting into an investor owned firm. Finding a way to balance these two, often competing roles can be a major challenge for co-operative or mutual enterprises.

MEMBER AS OWNER

The third "hat" worn by the member is that of an owner. As a member owned business the co-operative's members are its owners and have voting rights within the organisation. This ownership role is distinctly different from that of investor. It relates to the sense of control and engagement that the member has or feels that they have with the co-operative or mutual.

Members' sense of ownership often varies in 'intensity' (Simmons and Birchall 2009), or the strength of "feeling of belonging or of sharing a sense of personal relatedness" (McMillan and Chavis 1986: 9). In practice

it cannot be assumed that levels of intensity will be high in all co-operative or mutual firms, or that such intensity is an essential component of co-operative or mutual firms' fitness for purpose.

MEMBER AS COMMUNITY MEMBER

The fourth "hat" worn by the member is that of a member of their community. Co-operatives and mutual firms are hybrid businesses with both an economic and social purpose (Levi and Davis, 2008). Without the support of the community that formed them they would not exist, and they exist to provide services to their community of members (Levi and Pellegrin-Rescia, 1997). Members exist within their communities (e.g. the community of motor vehicle owners and road users) which tend to have common purposes, share common problems and needs. It is this common sense of purpose that serves as the catalyst for the formation of a co-operative or mutual business (Birchall and Simmons, 2004; Peredo and Chrisman, 2006).

Member commitment to their community can vary and the greater the diversity within the membership base the less cohesion there will be amongst members. However, the member's role as a social actor and member of their community is a feature that should not be ignored. Congruence between the goals of the community and the goals of the co-operative or mutual can result in a virtuous circle and reciprocal loyalty. Hence, where the level of congruence is high, reinforcement of the member identity can also serve to strengthen the wider community identity and vice versa. Investment in this relationship can also be important for the co-operative or mutual to reinforce to the member its co-operative principles as a mechanism for building social entrepreneurship and innovation within the enterprise (Novkovic, 2008).

MEMBERS' PERCEPTIONS OF THEIR "FOUR HATS"

Each of these four "hats" were examined within the survey with four items that asked members to rate how much value they felt they got from their relationship with the co-operative or mutual in relation to each of these roles. The questionnaire provided them with an explanation of the nature of each of these four "hats" and they were then asked to indicate their choice using a 5-point scale where 1 = very insignificant and 5 = very important.

Table 3 lists the mean scores and standard deviations for each of these four perceived roles. Also shown are the results of a set of pair-wise t-tests of the differences between the mean scores for each item. It can be seen that the most important role identified by the members was that of patron, this was followed by the role of community member, then owner and investor, which were viewed as offering the same value.

TABLE 3: THE FOUR "HATS" OF MEMBERS

Item	Mean	STD DEV	t-test ¹	Sig (2-tailed)
The value I get as a patron...	3.60	1.12	2.891	.004
The value I get as a community member...	3.52	1.05	10.450	.000
The value I get as an owner...	3.28	1.16	0.722	.471
The value I get as an investor...	3.26	1.22		

¹ pair-wise t-test of the difference between the means scores for each variable.

In examining the responses to these four items it is worth noting that 63% of members considered their role as patrons to be valuable, and 57% highly valued their role as members of a community. The perception of value in their role as owners was much less at 49% and for investors at 50%.

Analysis of variance (ANOVA) tests found few significant differences in relation to these items with regards to how long a person had been a co-operative or mutual member. However, members of over 20 years duration were less likely to rate patronage as valuable as did members with less than 5 years membership. Younger members (aged 20-29) were found to be more likely to place importance on patronage than members aged over 50 years. There were no significant differences found in relation to education.

These findings suggest that when asked directly about the perceived value these members see in their respective roles, many members do place value on their patronage and community member role, with evidence from the path model analysis to suggest that their emotional and affective engagement with the co-operative or mutual may be reflected in this sense of community member identity.

Given the importance of Affective Commitment, as shown in the path model analysis discussed above, it is important that co-operative or mutual management consider ways to continue to strengthen this sense of ownership and community membership felt amongst its members.

An analysis was also undertaken with respect to how these issues were viewed by members from different types of co-operative or mutual. The sample was divided into two groups: i) producer co-operatives (e.g. those like CBH, Murray Goulburn, Capricorn) and ii) consumer co-operatives (e.g. RAC or bankmecu). The majority (76%) of the sample were consumer type members and the balance producers.

An independent samples t-test found statistically significant differences between these two groups with respect to the perceived value of patronage, investor and owner roles. No difference was found in relation to the community member role between the two types of business.

Higher importance was placed on the patron, investor and owner roles by members of producer type businesses. This should not be a surprise given the relative importance of patronage to such members, plus the business-to-business relationship that exists in this type of enterprise. Such organisations also tend to offer their members an enhanced sense of ownership and investment (where they have appropriate share distribution systems).

However, the absence of any significant difference between the two types of co-operative or mutual and the community member role is interesting. This indicates that the sense of community engagement can potentially transcend business-to-business and business-to-consumer environments.

MEMBER INVOLVEMENT AND ATTITUDE

The survey also examined the involvement and attitudes of members towards the co-operative or mutual. These question items comprised a set of 5-point rating scales that explored the members' views on being a member of the co-operative or mutual, how they feel about their interaction with the co-operative or mutual and the frequency with which they interact with it. They were then asked to make comments about why they had joined and continued to be a member of the co-operative or mutual.

PERCEPTIONS OF BEING A MEMBER OF THE CO-OPERATIVE OR MUTUAL

Eight items were used to examine the members' perceptions of what being a member is like in terms of the value they receive. These are listed in Table 4 in rank order from the most highly valued to the least highly valued. Also shown are the results of a set of pair-wise t-tests of the differences between the mean scores for each item as well as the standard deviations for each item.

It can be seen from Table 4 that the perception that membership of the co-operative or mutual is useful, beneficial and good were all rated as being equally important. Of secondary importance was the perception that membership was wise and desirable. In third place was the perception that membership is significant, followed by personally meaningful and vital in fifth and sixth places.

In summary the analysis presents a hierarchy of member perception that suggests they primarily see membership as useful, beneficial and good, yet also potentially wise and desirable, and possibly a desirable, significant, meaningful and vital thing to do.

These items were designed to elicit a sense of how members view their relationship with the co-operative or mutual. From these findings it can be seen that the more utilitarian items of usage, benefits and goodness were the most important. By contrast the more subjective items of wisdom, desirability, significance and personal meaning were of less importance. Nevertheless, all mean scores were high suggesting that members placed a strong importance on both utilitarian and subjective motivations.

TABLE 4: PERCEPTIONS OF BEING A MEMBER OF CO-OPERATIVE OR MUTUAL

Item:	Mean	STD DEV	t-test ¹	Sig (2-tailed)
Being a member of the co-operative or mutual is useful.	4.21	0.891	0.202	.840
Being a member of the co-operative or mutual is beneficial.	4.20	0.936	0.550	.582
Being a member of the co-operative or mutual is good.	4.20	0.912	4.482	.000
Being a member of the co-operative or mutual is wise.	4.14	0.919	1.704	.089
Being a member of the co-operative or mutual is desirable.	4.11	0.902	4.607	.000
Being a member of the co-operative or mutual is significant.	4.00	0.945	3.035	.002
Being a member of the co-operative or mutual means a lot to me.	3.95	0.924	9.781	.000
Being a member of the co-operative or mutual is vital.	3.75	0.944		

¹ pair-wise t-test of the difference between the means scores for each variable.

An examination of the differences between producer and consumer type members was also undertaken. This found that producer members were significantly more likely to rate these items more important than did the members from consumer type co-operatives and mutual enterprises.

INTERACTION WITH THE CO-OPERATIVE OR MUTUAL

Four groups of questions were asked in relation to how members felt about their interaction with the co-operative or mutual, and the frequency of their interaction. The first group of items examined whether the members felt enthusiastic, delighted or happy about their anticipated future interaction with the co-operative. The majority (68%) reported feeling enthusiastic about their next interaction. A further 65% indicated that they felt delighted about their next interaction, and 70% felt happy about this.

A second group of questions asked members how they felt when they didn't interact with the co-operative or mutual. These items asked them to indicate whether they felt happy, heartened, peaceful and comfortable. 69% of respondents were neutral in relation to whether they felt happy if they did not interact with 18% indicating they would be happy and 14% indicating they would be angry if they did not interact with the co-operative or mutual. Similar responses were found for the other items.

Table 5 provides details of these items. This indicates that the majority of respondents were positively disposed towards their future interaction with the co-operative or mutual. When asked about their degree of interaction with the co-operative or mutual 24.5% indicated that they dealt with their co-operative or mutual at least once a week while only 6.2% claimed that they never interacted.

TABLE 5: PERCEPTIONS OF INTERACTING WITH CO-OPERATIVE OR MUTUAL

When I next interact with the co-operative or mutual I expect I will feel...				
Unenthusiastic	4.7%	27.3%	68.0%	Enthusiastic
Disappointed	5.7%	29.2%	65.1%	Delighted
Sad	4.1%	26.2%	69.7%	Happy
If I don't interact with the co-operative or mutual I expect I will feel....				
Angry	13.6%	68.6%	17.9%	Happy
Frustrated	16.1%	67.3%	16.6%	Heartened
Nervous	14.0%	66.2%	19.8%	Peaceful
Uncomfortable	15.9%	62.7%	21.3%	Comfortable

¹ pair-wise t-test of the difference between the means scores for each variable.

No statistically significant differences were found between the producer or consumer type members in relation to the frequency of interaction. However, differences were found (as measured by t-tests) between the two types in relation to how enthusiastic, delighted or happy they felt they would be when next interacting with their co-operative or mutual. In all cases the producer type members were more likely to indicate stronger likelihood of feeling positive than did the members of the consumer type enterprises.

CONCLUSIONS

This survey of members highlights the importance of emotional value, affective and continuance commitment to member loyalty and retention within co-operative or mutual enterprises. The survey suggests that most members view their roles as patron, investor, owner and community member as being important. Although the patron role is slightly stronger than the others, it is closely matched in second place by the sense of community membership. As noted, this sense of belonging to a community through the co-operative or mutual is apparently of equal importance across both producer and consumer enterprises.

These findings are consistent with the theoretical foundations underlying the UWA research study that suggest a co-operative's or mutual enterprise's members are motivated by reasons other than just financial and functional value. As has been found in other research relating to consumer loyalty, it is the emotional value and affective commitment factors that often play a strong role in encouraging customer retention. However, because the co-operative is a member owned business it has the potential to enhance these emotional and affective drivers amongst its membership and thereby strengthen the level of member loyalty.

IMPLICATIONS FOR MANAGEMENT

Management should recognise that while it must offer competitive prices and excellent service, the most important area of focus should be on fostering the conditions that engender strong emotional value perception amongst members, and to encourage affective and continuance commitment.

A key foundation for enhancing these qualities amongst members of a co-operative or mutual enterprise is to develop a strong sense of trust between the members and the business. Trust is a complex issue but can be viewed as a process whereby two parties believe that their relationship is based on an assumption that that they will not exploit each other, this has been referred to as "general trust" (Morrow, Hansen and Pearson, 2004).

Trust is an important foundation for the building of social capital and without a solid social capital foundation the co-operative or mutual business is at risk of losing its organisational cohesion (Birchall, 2011). What constitutes trust is the presence of three key elements that exist between two parties. First, there should be "integrity", which means that when each party agrees to doing something for the other they will fulfil their promise. Second, there should be "benevolence" in their relationship such that each party is working to achieve a benefit for them both and not just for themselves. Finally, there should be "ability" or competency within the relationship. This refers to the ability of both parties to carry out their roles in a manner that is competent and delivers the benefits that their contribution to the relationship has promised (Mayer, Davis and Schoorman, 1995).

Trust is an important component in the development of affective responses. It has been found to serve as a mediating variable for affective and cognitive reactions and processes influences on members' satisfaction with the performance of co-operatives. Activities that put members in contact with each other and with the employees of the co-operative, and that foster a sense of community or "camaraderie" will serve to strengthen the level of trust and the emotional value and affective commitment (Morrow, Hansen and Pearson, 2004). However, it is not only member-to-member or member-to-enterprise engagement that should be fostered. The management team within the enterprise need to develop internal communication strategies that help members understand that they are not just patrons of the business, but owners, investors and members of the wider community for which the co-operative or mutual was created.

In a recent study of the role of Affective Commitment in co-operative organisations Jussila, Byrne and Tuominen (2012) made the following observations as to the importance of specific actions by managers of such enterprises:

It seems that the member's desire to stay can be promoted through increasing member identification with the co-operative, co-operative-based self-esteem, and psychological ownership of the co-operative, which again have their own antecedents that can be managed (e.g., organizational justice, communication of shared identity, organizational support, control, knowledge, and self-investment as well as face-to-face transaction, and member education). Noteworthy, our research advises managers to carefully consider re-organization of co-operatives into overly large units, which may indirectly have impact on the members' willingness to maintain an active membership (Jussila, Byrne and Tuominen, 2012 pp. 7-8).

Even if your co-operative or mutual enterprise has internal marketing or member engagement strategies in place, the findings from this research highlight their importance and value to the business. As noted above, Affective Commitment emerges from the member's ability to develop an emotional or personal affinity with the business and a sense of belonging to it. Fostering a sense of ownership and shared purpose via the wider community that comprises the membership should be a key focus of any internal marketing communications.

The "value" a member perceives from their engagement with the co-operative should be reported in a tangible way. For example, CBH Group has introduced a member value recognition program that seeks to report to the member not only the financial benefits it has delivered, but also the non-financial ones.

An important goal for management should be to foster a strong sense of common purpose and identification by members with the co-operative's mission will strength trust and commitment (McClintock-Stoel and Sternquist, 2004). Members must identify with the co-operative or mutual firm's vision, mission and values in the same way that consumers engage with a brand and its underlying values. The enterprise must therefore develop its reputation for effectively acting in the best interests of its members and delivering consistently on its member value proposition (MVP) (Fulton and Giannakas 2001).

REFERENCES

- Allen, N. J. and J. P. Meyer (1990b) "The measurement and antecedents of affective, continuance and normative commitment to the organization." *Journal of Occupational Psychology* 63(1): 1-18.
- Allen, N. J. and Meyer, J. P. (1990a) "Organizational Socialization Tactics: A Longitudinal Analysis of Links to Newcomers' Commitment and Role Orientation". *The Academy of Management Journal*, 33(4): 847-858.
- Arbuckle, J.L. (2010). *IBM SPSS Amos 19 User's Guide*. Chicago, IL: IBM.
- Birchall, J. (2011). *People-Centred Businesses: Co-operatives, Mutuals and the Idea of Membership*. London, New York, Palgrave MacMillan.
- Birchall, J., and Simmons, R. (2004). "What Motivates Members to Participate in Co-operative and Mutual Businesses?" *Annals of Public & Cooperative Economics* 75(3): 465-495
- Cenfetelli, R., and Bassellier, G. (2009). Interpretation of formative measurement in information systems research. *MIS Quarterly*, 33(4), 689-708.
- Chaddad, F. H., and Cook, M. L. (2004). "Understanding New Cooperative Models: An Ownership-Control Rights Typology." *Review of Agricultural Economics* 26(3): 348-360.

- Fairbairn, B. (1994). *The Meaning of Rochdale: The Rochdale Pioneers and the Co-operative Principles*. Centre for the Study of Co-operatives, University of Saskatchewan.
- Fornell, C., and Larcker, D.F. (1981). "Evaluating Structural Equation Models with Unobservable Variables and Measurement Error" *Journal of Marketing Research* 18(1): 39-50.
- Fulton, M., and Giannakas, K. (2001). "Organizational Commitment in a Mixed Oligopoly: Agricultural Cooperatives and Investor-Owned Firms." *American Journal of Agricultural Economics* 83(5): 1258-1265.
- Hair, J.F., Anderson, R.E., and Tatham, R.L. (1987). *Multivariate data analysis*. New York, NY: Macmillan.
- Jussila, I., Byrne, N., and Tuominen, H. (2012). "Affective Commitment in Co-operative Organizations: What Makes Members Want to Stay?" *International Business Research*, 5(10): 1-10.
- Kline, R.B. (1998). *Principles and practice of structural equation modelling*. New York, NY: The Guilford Press.
- Kock, N. (2012) *WarpPLS 3.0 User Manual*, ScriptWarp Systems, Laredo, Texas.
- Levi, Y., and Davis, P. (2008). "Cooperatives as the "enfants terribles" of economics: Some implications for the social economy." *Journal of Socio-Economics* 37(6): 2178-2188.
- Levi, Y., and Pellegrin-Rescia, M.L. (1997). "A New Look at the Embeddedness/Disembeddedness Issue: Cooperatives as terms of reference." *Journal of Socio-Economics* 26(2): 159-179.
- Mayer, R. C., Davis, J.H., and Schoorman, F.D. (1995). "An Integrative Model of Organizational Trust." *The Academy of Management Review* 20(3): 709-734.
- Mazzarol, T., Simmons R. and Mamouni Limnios (2011) "A Conceptual Framework for Research into Co-operative Enterprise" *CEMI Discussion Paper Series*, DP 1102, Centre for Entrepreneurial Management and Innovation, www.cemi.com.au
- McClintock-Stoel, L., and Sternquist, B. (2004). "Group Identification: The Influence of Group Membership on Retail Hardware Cooperative Members' Perceptions." *Journal of Small Business Management* 42(2): 155-173.
- McMillan, D. W., and Chavis, D.M. (1986). "Sense of Community: A Definition and Theory." *Journal of Community Psychology* 14(1): 6-23.
- Morrow, J. L., Hansen, M. H., and Pearson, A. W. (2004). "The Cognitive and Affective Antecedents of General Trust Within Cooperative Organizations." *Journal of Managerial Issues* 16(1): 48-64.
- Nilsson, J. (2001). "Organisational Principles for Co-operative Firms." *Scandinavian Journal of Management* 17(3): 329-356.
- Novkovic, S. (2008). "Defining the Co-operative Difference." *Journal of Socio-Economics* 37(6): 2168-2177.
- Nunnally, J.C., and Bernstein, I.H. (1994). *Psychometric theory*. New York, NY: McGraw-Hill.
- Nunnally, J.C. (1978). *Psychometric theory*. New York, NY: McGraw Hill.
- Peredo, A. M., and Chrisman, J.J. (2006). "Toward a Theory of Community-Based Enterprise." *Academy of Management Review* 31(2): 309-328.
- Simmons, R., and Birchall, J. (2009). *The Public Service Consumer as Member. The Consumer in Public Services: Choice, Values and Difference*. R. Simmons, M. Powell and I. Greener. Bristol, The Policy Press: 235-280.
- Söderlund, M. (2002). "Customer Satisfaction and Its Influence on Different Behavioural Intention Constructs." *Journal of Customer Behaviour* 1(2): 145-166.
- Sweeney, J. C., and Soutar, G.N. (2001). "Consumer Perceived Value: The Development of a Multiple Item Scale." *Journal of Retailing* 77(1): 203-220.

Tajfel, H. (1978) *Differentiation between Social Groups: Studies in the Social Psychology of Intergroup Relations*, London, Psychology by Academic Press.

Webb, T. (1996). "Marketing the Co-operative Advantage." *Journal of Co-operative Studies* 87(2): 10-15.